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ROMAN
CORPORATION
LIMITED

ANNUAL
REPORT

FOR THE YEAR ENDED JUNE 30, 1970



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**Roman
Corporation
Limited**



1970

1970



The Officers
and Directors of
Roman Corporation Limited
are pleased
to present the
Sixth Annual Report
to the shareholders
for the year
ended June 30th, 1970.



ROMAN CORPORATION LIMITED

Officers

Stephen B. Roman, LL.D.
Chairman & President

John S. Grant, Q.C.,
Vice-President

John C. Puhky,
Secretary & Treasurer

Directors

John Kostuik, B.Sc.

Harvey J. McFarland, Sr.

Lewis B. Harder

John S. Grant, Q.C.

Lionel R. Montpetit

Stephen B. Roman, LL.D.

Arthur F. Mayne

R. A. Rule

Joseph A. Patrick

A. Hoadley Mitchell, S.B.



Auditors

Eddis & Associates
Toronto, Ontario

Bankers

The Royal Bank of Canada
Toronto, Ontario

Registrar & Transfer Agents

Guaranty Trust Company of Canada
Toronto, Ontario

Head Office

4 King Street West
Toronto 1, Ontario

President's Report

TO THE SHAREHOLDERS:

It is my pleasure on behalf of the directors to report to you and to review the Company's activities for the past year.

The financial statements for the year ended June 30, 1970 are enclosed. With the increased holdings of the shares of Denison Mines Limited the revenue from dividends is higher than in the preceding year. However, a net loss for the year of \$584,000 is reported compared to a net profit of \$211,000 for 1969, due mainly to the substantial decline in value of the company's marketable securities portfolio.

Exploration has continued in 1970 at the SAM, Pinehouse and Virgin River projects in Northern Saskatchewan in which the Company is participating.

Ground follow-up work consisting of radio-metric and electromagnetic surveys has been completed at project SAM and has been followed by a limited amount of diamond drilling. Drilling was suspended during freeze-up and is expected to resume shortly. On the Pinehouse project a diamond drill program was completed but results were not sufficiently favourable and the program has been terminated.

At the Virgin River project ground follow-up work is presently in progress to determine whether or not diamond drill targets can be established.

The uranium prospect in the Henik Lake area, Northwest Territories, in which the Company participates with Denison Mines, Argosy Mining and Lakehead Mines, is being further explored this season. A permit area in the Territories held by the Company, Goldray Mines and Lakehead Mines, was farmed out last year to Atlantic Richfield and that Company has flown the area and will do check-out work on the ground this season.

Canadian Malartic Gold Mines and Trinity Chibougamau Mines in which your Company holds large share positions, have both taken part in a comprehensive exploration program on some three hundred base metal claims in the Sturgeon Lake Region of Northwestern Ontario. Diamond drilling was carried out to

test anomalies and although some zinc/copper mineralization was encountered it was not estimated to be economic. There are several additional anomalies which should be tested.

The Company will continue to direct its efforts to participations in natural resource exploration within Canada.

As you are aware, the Company completed arrangements in February for the sale to Hudson's Bay Oil and Gas Company Limited of the Company's investment in Denison Mines Limited.

This Annual Report is being sent to you earlier than in previous years so you may be informed as to the present state of affairs with respect to our Denison investment.

The agreement with Hudson's Bay called for the sale to it of all of the shares of Denison, owned by the Company, for a price, payable in cash and securities of approximately \$74,550,000. All but relatively minor details in connection with the agreement had been settled in February of 1970, and a memorandum of agreement as to the principal terms had been signed by the parties. It was originally intended to sign the formal agreement with Hudson's Bay on March 3.

In negotiating the sale of our Denison shares to Hudson's Bay the Company at all times acted in good faith and in full compliance with the laws of Canada.

On March 2, the Prime Minister of Canada stated in the House of Commons that if necessary the Government would introduce an amendment to the Atomic Energy Control Act to take effect as of that day to prevent a substantial ownership interest in Denison passing into non-Canadian hands.

At a meeting in the office of the Prime Minister on March 4 we protested against Government action affecting the proposed transaction and counsel for Denison questioned the constitutional power of the Government to take the proposed action. The Prime Minister agreed that we would be informed as soon as possible as to the guidelines decided upon by the Government to give effect to the Prime Minister's policy statement. By telegram dated March 19 the Prime Minister set forth the text of a statement being made in the House of Commons on that date by the Honourable J. J. Greene, Minister of Energy, Mines and Resources and the Prime Minister stated that it was clear from the text of such statement that the proposed transaction with Hudson's Bay would not be



acceptable within the terms of the guidelines in such statement.

Prior to the receipt of the Prime Minister's telegram of March 19 the sale agreement with Hudson's Bay had been completely settled and it was intended to execute it on March 20. Because of the Prime Minister's telegram and Mr. Greene's statement and the expressed intent of the Government as contained in such telegram and statement the sale agreement was not executed.

In the statement made on March 19 by the Honourable J. J. Greene it was stated that the Government proposed to limit, by regulation, the extent of ownership of uranium producing enterprises in Canada by non-residents of Canada. On June 2 we wrote to the Prime Minister pointing out that it was then more than two months after Mr. Greene's statement and that unless such regulations were published immediately the Government should in all fairness permit the transaction to be proceeded with.

Other than acknowledgement of receipt of the letter by the Prime Minister's office, no reply has yet been received from the Prime Minister. The regulations have not yet been published. It is the opinion of the directors that the Company has been materially harmed by the action taken by the Government. The Company's investment in Denison continues to be by far our most important asset.

Shareholders may be assured that your directors will continue to do their utmost to bring the Company's position home to the Government. While we have waited patiently for some constructive move from the Canadian Government, we have also investigated and continue in our investigation of all means to protect your interest.

Our agreement to sell our Denison investment to Hudson's Bay does not in any way lessen our firm belief in the future value of Denison and the world importance of uranium. The price and terms which we were offered would have placed our Company in a stronger financial position to continue to carry out our basic policy of natural resource exploration and development and, as well, to diversify in the industrial and business fields.

This Company is a good corporate citizen. We oppose the Government's intervention in the Denison sale. We are greatly concerned about Canada's international business position as a result of this action and the proposals contained in the White Paper on taxation. Canada was not built by people who lived off hand-outs. This is still a natural resource nation and comparisons with





fully developed countries such as the United States of America or the United Kingdom are unrealistic. Incentives must be maintained for the development of Canada.

The past year has not been an easy one and uncertainty and unrest plague us on many sides. The financial community has suffered losses and we have been affected along with many Canadian public companies. We remain steadfast and resolute in our basic philosophy that individual responsibility coupled with honest endeavour and enterprise will always survive periodic and temporary economic reverses.

The support and faith of our shareholders is appreciated and acknowledged.

On behalf of the Board of Directors,

Toronto, Ontario,
August 28, 1970.

Stephen B. Roman,
Chairman and President.

Roman Corporation Limited

(INCORPORATED UNDER THE LAWS OF ONTARIO)



Balance Sheet JUNE 30, 1970

ASSETS

Current assets

Marketable securities, at quoted value

Accounts receivable and prepaid expenses

Shares in other companies held for investment (quoted market value of listed shares,
1970, \$27,493,654; 1969, \$50,206,500)

Office furnishings, leasehold improvements and automobiles, at cost, (less accumulated
depreciation, 1970, \$364,485; 1969, \$324,341)

Other assets

Mining properties, at cost

Exploration and development expenditures

Deposits with provincial governments

Sundry advances and deposits

Life insurance — cash surrender value

LIABILITIES

Current liabilities

Bank demand loan (note 2)

Accounts payable and accrued expenses

Income taxes payable (note 1)

Bank demand loan (note 2)

SHAREHOLDERS' EQUITY

Capital Stock

Authorized

5,000,000 shares without par value

Issued

2,613,000 shares

Contributed surplus

Retained earnings

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board,

JOHN KOSTUIK, Director.

JOHN S. GRANT, Director.

	1970	1969
.....	\$ 1,165,143	\$ 3,681,583
.....	47,113	49,731
	<u>1,212,256</u>	<u>3,731,314</u>
.....	20,289,558	18,602,694
.....	99,813	137,147
.....	32,865	32,790
.....	125,572	25,658
.....	122,561	122,561
.....	2,308	2,308
.....	94,475	84,832
	<u>377,781</u>	<u>268,149</u>
	<u>\$21,979,408</u>	<u>\$22,739,304</u>

.....	\$ 1,100,000	\$ 3,680,322
.....	79,081	41,927
.....	338,260	318,215
	<u>1,517,341</u>	<u>4,040,464</u>
.....	9,142,479	6,789,799

.....	3,806,777	3,806,777
.....	280,598	280,598
.....	7,232,213	7,821,666
	<u>11,319,588</u>	<u>11,909,041</u>
	<u>\$21,979,408</u>	<u>\$22,739,304</u>



Auditors' Report

To the Shareholders,
Roman Corporation Limited.

We have examined the balance sheet of Roman Corporation Limited as at June 30, 1970 and the statements of retained earnings, income and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at June 30, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

EDDIS & ASSOCIATES,
Chartered Accountants.

Toronto, Canada,
July 27, 1970.

Notes to the Financial Statements

JUNE 30, 1970

1. The company received to June 30, 1970, Federal tax reassessments for the years 1962 to 1965 and Ontario tax reassessments for the years 1962 to 1966 of the income of certain of the companies which have amalgamated as the company. The resulting liability for income taxes of \$394,876 was recorded in the company's accounts, and security was given to the tax authorities. The company is disputing all of these reassessments.

No provision has been made in the accounts for any tax liability which may become exigible for fiscal years subsequent to the above reassessed years due to transactions which might be considered to be similar to those in respect of which these reassessments were issued.

2. The bank demand loan in the amount of \$10,242,479 is secured by substantially all the shares in other companies held for investment and by the marketable securities. For balance sheet purposes, \$1,100,000 of this loan has been included in current liabilities, being approximately equivalent to the quoted value of marketable securities.



Statement of Retained Earnings

FOR THE YEAR ENDED JUNE 30, 1970

Balance, beginning of the year	.....
Net income (loss) for the year	.....
Exploration and development expenditures on mining claims abandoned during the year	.....
Balance, end of the year	.....

Statement of Income

FOR THE YEAR ENDED JUNE 30, 1970

Income	
Dividends	.....
Loss from security transactions	.....
Services and rent	.....
Operating expenses	
Consulting fees and expenses	.....
Directors' and senior officers' remuneration, as defined by The Corporations Act	.....
Exploration and development	.....
Interest	.....
Office rent and administration	.....
Depreciation	.....
Income (loss) before income taxes	.....
Income taxes recovered	.....
Net income (loss) for the year	.....

Statement of Source and Application of Funds

FOR THE YEAR ENDED JUNE 30, 1970

Source of funds	
Current operations	
Net income (loss) for the year	.....
Depreciation	.....
Increase in bank demand loan	.....
Application of funds	
Purchase of mining properties	.....
Exploration and development expenditures	.....
Purchase of shares for investments	.....
Additions to fixed assets (net)	.....
Acquisition of other assets	.....
Reduction on bank demand loan	.....
Increase (decrease) in working capital	.....
Working capital deficiency, beginning of the year	.....
Working capital deficiency, end of the year	.....

	1970	1969
.....	\$7,821,666	\$1,610,322
.....	(584,536)	211,344
	<u>7,237,130</u>	<u>7,821,666</u>
.....	4,917	
.....	<u>\$7,232,213</u>	<u>\$7,821,666</u>

.....	\$1,650,731	\$1,599,357
.....	(1,301,479)	(807,599)
.....	221,584	216,000
	<u>570,836</u>	<u>1,007,758</u>
.....	9,247	8,580
.....	38,917	40,600
.....	613	7,046
.....	896,324	613,878
.....	168,654	158,453
.....	41,617	44,965
	<u>1,155,371</u>	<u>873,522</u>
.....	(584,536)	134,236
.....		77,108
.....	<u>\$ (584,536)</u>	<u>\$ 211,344</u>



.....	\$ (584,536)	\$ 211,344
.....	41,617	44,965
.....	2,352,680	
	<u>1,809,761</u>	<u>256,309</u>
.....	75	4,713
.....	104,831	25,658
.....	1,686,864	311,728
.....	4,283	29,390
.....	9,643	49,532
.....		17,671
	<u>1,805,696</u>	<u>438,692</u>
.....	4,065	(182,383)
.....	309,150	126,767
.....	<u>\$ 305,085</u>	<u>\$ 309,150</u>



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ROMAN CORPORATION LIMITED.



INTERIM REPORT

SIX MONTHS ENDED DECEMBER 31, 1970

ROMAN CORPORATION LIMITED

4 King Street West - Toronto 105, Ontario

TO THE SHAREHOLDERS:

Your management is pleased to submit this interim report of the Corporation for the 6-month period ended December 31, 1970.

Net income for the period was \$476,800 compared to \$51,500 for the corresponding period in 1969. This improvement in earnings reflects in large measure the result of the stabilization of the security market in the latter months of 1970 compared with 1969.

Denison continues to be our major area of interest. In December, and after prolonged negotiation, Denison and the Canadian Government announced that a joint venture stockpile programme had been agreed to in principle. A joint venture comprising the Government and Denison in the approximate ratio of 75-25 will purchase approximately 6.5 million pounds of uranium concentrates from Denison in the years 1971 through 1974. Denison is continuing its delivery of uranium concentrates to Japan during 1971 through to 1973 at an annual rate of some 2 million pounds. From 1974, under the new Japanese contract arranged last year, deliveries will escalate to 5.5 million pounds in 1978 and about 5 million pounds annually thereafter through to 1983.

We believe that Denison is in an extremely strong position as a long-term supplier to the world uranium markets. The uranium outlook beyond 1974 is excellent. The nuclear power industry should expand more rapidly in the next few years.

Denison also indicates improved income from its oil and gas division and is continuing to diversify its interests.

In September the Corporation and Mr. Stephen B. Roman instituted an action in the Supreme Court of Ontario against Hudson's Bay Oil and Gas Company Limited, The Right Honourable Pierre E. Trudeau and The Honourable John J. Greene.

The Corporation and Mr. Roman claimed as against Hudson's Bay Oil and Gas Company Limited for a declaration that an agreement between the plaintiffs and that defendant dated February 24, 1970, which related to the proposed sale of all shares of Denison owned by the Corporation and Mr. Roman has been a valid, existing contract between the parties. The claim against the individual defendants was, in essence, for a declaration that they had committed certain torts which prevented the transaction with Hudson's Bay Oil and Gas Company Limited from being completed.

ROMAN CORPORATION LIMITED

SIX MONTHS ENDED DECEMBER 31

	<u>1970</u>	<u>1969</u>
SUMMARY OF EARNINGS		
Gross income	\$1,013,400	\$ 631,000
Net income before income taxes	476,800	51,500
Taxes on income	Nil	Nil
Net income for the period	<u>476,800</u>	<u>51,500</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of Funds

Net income for the period	476,800	51,500
Depreciation	19,800	20,200
Bankers' demand loans increased	Nil	1,555,100
Sundry	1,300	Nil
	<u>\$ 497,900</u>	<u>\$1,626,800</u>

Application of Funds

Increase in shares held for investment	Nil	1,534,900
Mineral exploration costs	89,800	58,900
Bankers' demand loans reduced	392,200	Nil
	<u>\$ 482,000</u>	<u>\$1,593,800</u>
Increase in working capital	<u>\$ 15,900</u>	<u>\$ 33,000</u>

The individual defendants applied to have the action against them dismissed on the basis that the statement of claim disclosed no cause of action against them. The Judgment of the Court on the application was that the action should be dismissed against them with costs on the ground that the statements of the individual defendants upon which the plaintiffs relied to establish their cause of action were privileged.

The Corporation has instructed counsel to appeal the Judgment. The claim for relief against Hudson's Bay Oil and Gas Company Limited was not in question on the recent application.

In the fall of 1970 the Corporation transferred its properties in the State of Maine to Black Hawk Mining Ltd. Black Hawk made an agreement with Keradamex, Inc., a wholly-owned U.S. subsidiary of Kerr Addison Mines Limited, under which Keradamex acquired rights of examination and exploration of the Black Hawk properties (including those acquired from your Corporation) until October 1, 1971. If Keradamex exercises its rights it will be committed to establish full operating facilities at Black Hawk not later than September 30, 1973, in return for a 60% interest in the properties and operations. Keradamex will provide all financing. Exploration work has commenced, and drilling is scheduled for early this year. We received 300,000 shares of Black Hawk upon transfer of our Maine properties to Black Hawk, and we have also reserved a royalty of 5% of the fair market value of all metals and minerals recovered from our former properties. Our properties were included in the Black Hawk picture as a requirement of Keradamex to improve the mineral potential of the Black Hawk mine.

The Corporation continues to be active in mineral exploration in many areas of Canada. These range from the Prairie Provinces to the Northwest Territories and in Northwestern Ontario and Northern Quebec.

In the Henik Lake area of the Northwest Territories in the joint venture with Denison Mines and Lakehead Mines, a limited programme of core drilling, geological mapping and radiometric surveys was completed. Encouraging uranium mineralization was encountered in Precambrian conglomerates, and results are being evaluated.

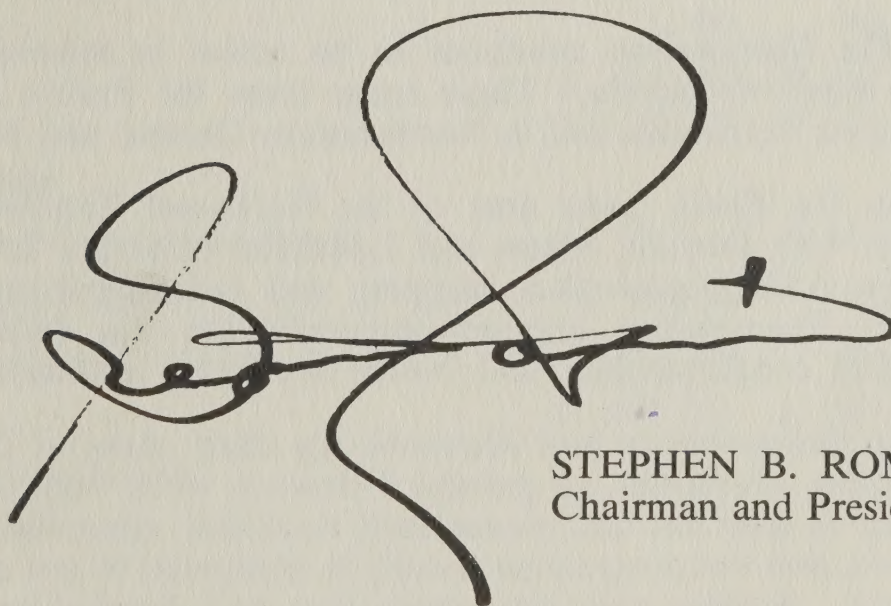
In Saskatchewan and Manitoba the third phase of Project SAM was completed, consisting of ground follow-up work and diamond drilling. Drilling to date has not encountered economic mineralization but indications are that the programme should be continued to test additional targets of merit. Further geological evaluation and detailed geophysics will be followed by diamond drilling where warranted. A diamond drilling programme was completed on the Pinehouse Project and, although some mineralization was encountered, nothing of economic importance was found. The original permits were allowed to lapse, but claim blocks will be kept in good standing, and results from neighbouring properties will determine a future programme. On the third project, known as the Virgin

River Project, the permits were allowed to lapse; however, favourable areas were staked and are being retained as claim blocks. A programme of evaluation by trenching and diamond drilling is being recommended to the participants.

On the prospecting permit held by the Corporation, Goldray Mines and Lakehead Mines in the Padlei area of the Northwest Territories, Atlantic Richfield completed the second year's work under its farmout arrangement. The ground follow-up did not indicate any significant targets and it is understood that no further work is planned. No work was done on claims in the Eastmain River area of Quebec held by the Corporation, Goldray Mines and Canadian Nisto Mines.

The Corporation continues to hold substantial share interests in Trinity Chibougamau Mines and Canadian Malartic Gold Mines. Trinity Chibougamau and Canadian Malartic each participates as to a 25% interest in some 300 claims in the Sturgeon Lake area of Northwestern Ontario. A limited diamond drilling programme was completed in 1970 and numerous targets still remain to be tested. The participants are discussing a possible farmout agreement with a major mining company. Canadian Malartic also participates in a base metal exploration project at Wisener Lake in the Kenora area of Ontario.

On behalf of the Board of Directors,

A large, stylized handwritten signature in black ink, featuring a prominent loop at the top and a horizontal line across the middle.

STEPHEN B. ROMAN,
Chairman and President.

Toronto, Canada,
February 15, 1971.

